
Introduced by Senator Strickland

February 26, 2009

An act to add and repeal Sections 17053.91 and 23649.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 464, as introduced, Strickland. Income and corporation taxes: credits: diesel particulate matter reduction.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would allow a credit for taxable years beginning on or after January 1, 2009, and before January 1, 2019, in an amount equal to 5% of the amount paid or incurred for qualified property, as defined, not to exceed \$10,000, that is used to meet diesel particulate matter reduction requirements.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.91 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.91. (a) (1) For each taxable year beginning on or after
- 4 January 1, 2009, and before January 1, 2019, there shall be allowed
- 5 as a credit against the "net tax," as defined in Section 17039, for
- 6 the taxable year an amount equal to 5 percent, subject to paragraph
- 7 (2), of the amount paid or incurred during the taxable year by a

1 qualified taxpayer in connection with the purchase of qualified
2 property.

3 (2) The credit allowed by paragraph (1) shall not exceed ten
4 thousand dollars (\$10,000).

5 (b) For purposes of this section:

6 (1) “Diesel particulate matter” means the particles found in the
7 exhaust of diesel-fueled compression ignition engines.

8 (2) “Fleet” means all off-road vehicles and engines owned or
9 possessed by a qualified taxpayer that are operated within
10 California and are subject to the diesel particulate matter reduction
11 requirements established by the State Air Resources Board under
12 Article 4.8 (commencing with Section 2449) of Chapter 9 of Title
13 13 of the California Code of Regulations.

14 (3) “Qualified property” means tangible personal property used
15 by the qualified taxpayer to meet the diesel particulate matter
16 reduction requirements established by the State Air Resources
17 Board under Article 4.8 (commencing with Section 2449) of
18 Chapter 9 of Title 13 of the California Code of Regulations.

19 (4) “Qualified taxpayer” means a taxpayer who owns vehicles
20 in a fleet, or who has possession of vehicles in a fleet that are
21 owned by a rental or leasing company and that are leased by the
22 same taxpayer for a period of one year or more, pursuant to a
23 written lease agreement. “Qualified taxpayer” shall not include a
24 taxpayer who rents or leases vehicles for a period of less than one
25 year.

26 (c) No credit shall be allowed pursuant to this section unless
27 the qualified taxpayer does all of the following:

28 (1) Obtains and retains the letter from the State Air Resources
29 Board certifying that the qualified property purchased by the
30 qualified taxpayer assists in meeting the diesel particulate matter
31 reduction requirements established by the State Air Resources
32 Board under Article 4.8 (commencing with Section 2449) of
33 Chapter 9 of Title 13 of the California Code of Regulations.

34 (2) Provides the Franchise Tax Board with the State Air
35 Resources Board certification described in paragraph (1), at the
36 Franchise Tax Board’s request.

37 (d) In the case where the credit allowed by this section exceeds
38 the “net tax,” the excess may be carried over to reduce the “net
39 tax” in the following year, and for succeeding taxable years if
40 necessary, until the credit is exhausted.

(e) This section shall remain in effect only until January 1, 2019, and as of that date is repealed.

SEC. 2. Section 23649.1 is added to the Revenue and Taxation Code, to read:

23649.1. (a) (1) For each taxable year beginning on or after January 1, 2009, and before January 1, 2019, there shall be allowed as a credit against the “tax,” as defined in Section 23036, for the taxable year an amount equal to 5 percent, subject to paragraph (2), of the amount paid or incurred during the taxable year by a qualified taxpayer in connection with the purchase of qualified property.

(2) The credit allowed by paragraph (1) shall not exceed ten thousand dollars (\$10,000).

(b) For purposes of this section:

(1) “Diesel particulate matter” means the particles found in the exhaust of diesel-fueled compression ignition engines.

(2) “Fleet” means all off-road vehicles and engines owned or possessed by a qualified taxpayer that are operated within California and are subject to the diesel particulate matter reduction requirements established by the State Air Resources Board under Article 4.8 (commencing with Section 2449) of Chapter 9 of Title 13 of the California Code of Regulations.

(3) “Qualified property” means tangible personal property used by the qualified taxpayer to meet the diesel particulate matter reduction requirements established by the State Air Resources Board under Article 4.8 (commencing with Section 2449) of Chapter 9 of Title 13 of the California Code of Regulations.

(4) “Qualified taxpayer” means a taxpayer who owns vehicles in a fleet, or who has possession of vehicles in a fleet that are owned by a rental or leasing company and that are leased by the same taxpayer for a period of one year or more, pursuant to a written lease agreement. “Qualified taxpayer” shall not include a taxpayer who rents or leases vehicles for a period of less than one year.

(c) No credit shall be allowed pursuant to this section unless the qualified taxpayer does all of the following:

(1) Obtains and retains the letter from the State Air Resources Board certifying that the qualified property purchased by the qualified taxpayer assists in meeting the diesel particulate matter reduction requirements established by the State Air Resources

1 Board under Article 4.8 (commencing with Section 2449) of
2 Chapter 9 of Title 13 of the California Code of Regulations.

3 (2) Provides the Franchise Tax Board with the State Air
4 Resources Board certification described in paragraph (1), at the
5 Franchise Tax Board's request.

6 (d) In the case where the credit allowed by this section exceeds
7 the "tax," the excess may be carried over to reduce the "tax" in
8 the following year, and for succeeding taxable years if necessary,
9 until the credit is exhausted.

10 (e) This section shall remain in effect only until January 1, 2019,
11 and as of that date is repealed.

12 SEC. 3. This act provides for a tax levy within the meaning of
13 Article IV of the Constitution and shall go into immediate effect.